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Colorado Distribution of Federal Mineral Lease Revenue
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January 24, 2008

Federal Mineral Lease revenues are collected by the federal Minerals Management Service in the U.S. Department of Interior. These revenues come from the leases of federal lands for mineral production. Roughly 50% of the revenues collected on federal leases in Colorado, are transferred by the U.S. Government to the Colorado State Treasurer. These receipts at the State Treasurer have ranged from \$30 to \$60 million annually.

From the State Treasurer, the distribution of these funds is conducted under state legislative statute C.R.S.34-63. This statute operates on a formula basis to distribute funds to the counties, cities, and school districts through a number of different programs.

The largest share of the funds goes to the State School Fund for distribution to school districts throughout the state under the School Finance Act. Counties, cities and school districts in counties with federal mineral leases receive significant direct payments from the State Treasurer on a quarterly basis. A like share gets to local governments through the Department of Local Affairs grants program. Finally, 10% goes to the Colorado Water Conservation Board for funding of local water supply development.

The formula for these distributions is complex, as the chart attached below demonstrates. It was crafted by the legislature in a cascade format, which provides a first cut share to the parties and then allocates any residuals in a second and third cut. This approach was crafted over the years as the amount of money distributed by the statute varied widely from \$30 to \$60 million. The cascade method was used to hold harmless the existing recipient amounts while allocating the increased totals.

The third table shows the actual calculation of payments for Calendar Year 2003 by county. The percent distributed to school districts and towns is set by statute at a minimum which can be increased by the county commissioners and therefore varies from county-to-county and year-to-year. The payments to school districts are then split among school districts in a county on the basis of reported enrollment. The payments to towns within a county are distributed proportional to population within towns. Specific local government payments are listed on the State Treasurer web site at:

http://www.colorado.gov/treasury/transfers/fed_funds.html

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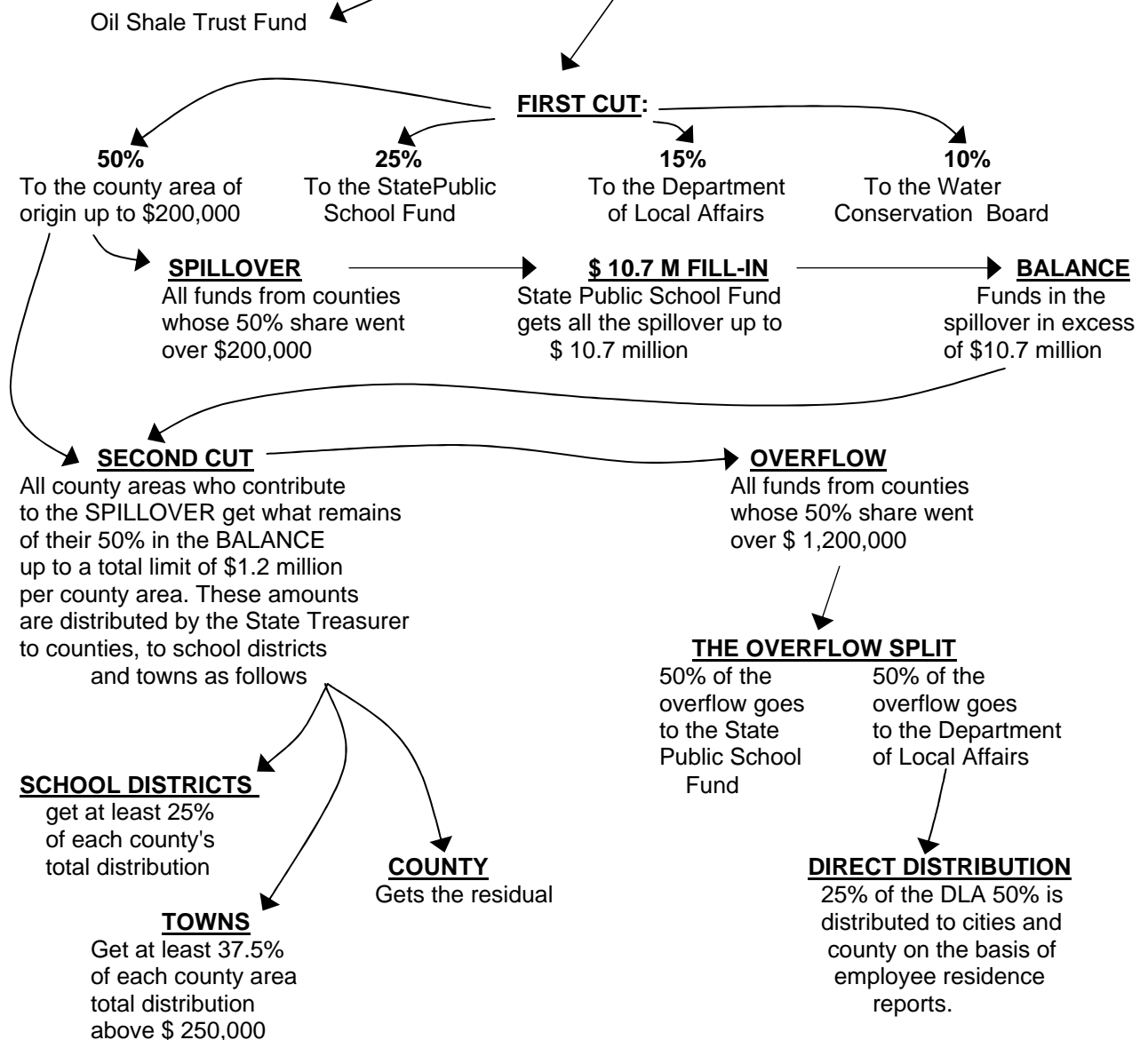
FEDERAL MINERAL LEASE DISTRIBUTION

FEDERAL MINERAL LEASING ACT

- Net of NOSR set aside*, returns 50% of rentals and royalties from federal lands in the state of origin.
- Directs that such funds be used by the states for planning, construction and maintenance of public facilities and services in areas of the state socially and economically impacted by mineral development.

COLORADO MINERAL LEASING FUND

- Colorado statute (CRS 34-63-102) directs that in the distribution of these funds priority shall be given to school districts and political subdivisions socially or economically impacted by the development or processing of the federal minerals.
- Distribute oil shale lease revenue to a legislative trust fund,
- Distributes all other amounts originating in each county as reported by the Federal government under the following "cascade" type of formula:



* Under a special act in 1997 Congress directed that revenue from the Naval Oil Shale Reserve in Garfield County go to a special set aside fund in the U.S. Treasury

Description of the calculation of the Federal Mineral Lease cascade distribution under C.R.S 34-63.

First Cut:

Every quarter the State Treasurer totals up the receipts from the federal government, including interest earnings, which have been identified by county of origin.

25 percent of these receipts are transferred to the State School Fund in the state's Department of Education, 10 percent to the Colorado Water Conservation Board in the state's Department of Natural Resources, and 25% to the Local Government Mineral Lease Fund in the state's Department of Local Affairs. The remaining 50% is then calculated for each county and an amount up to \$200,000 is prepared for distribution.

Spillover:

Any amounts over \$200,000 in each county is pooled in a "spillover" calculation which is distributed to the State School Fund until the total in this "spillover" calculation reached \$10.7 million.

Second Cut:

Once the \$10.7 million spillover requirement is fulfilled, any funds left in those counties which had reached the \$200,000 threshold on their distributions in the first cut are set aside for the county up to a second threshold of \$1.2 million.

This county allocation is then divided up into three portions: one for the school districts in the county, one for towns in the county and the remainder for the county government. The percent distributed to school districts and towns is set by statute at a minimum of 25% and can be increased by the county commissioners out of the portion that would have otherwise gone to them. Similarly, the portion to towns is set as at least 37.5% of the amount of the county allocation above \$250,000. Again, this percent can be increased by the county commissioners out of the share that would have otherwise gone to them.

The resulting payments to school districts are then split among school districts in a county on the basis of reported enrollment. The resulting payments to towns within a county are distributed proportional to population within towns.

PILT Offset: (obsolete)

A provision is made in the statute C.R.S. 34-63-102(3)(c)(II) for the diversion of the county commissioners share of the federal mineral lease payment to school districts and towns in order, it was assumed, to increase in like amount the payments of the federal BLM PILT (Payments In Lieu of Taxes) program to the county. Experience has shown that the increase in BLM PILT payments falls short of the amount diverted. As a result, this option is no longer being used.

Overflow:

After the county allocations in the Second Cut have been fulfilled, there can remain funds above \$1.2 million in some counties, which funds are allocated to the "Overflow". The Overflow is split evenly between the State School Fund and the local government grant fund in the Department of Local Affairs.

Direct Distribution:

Finally, statute instructs that 25% pf the Overflow distributed to the local government grant program in the Department of Local Affairs shall be distributed to the towns and counties on the basis of the taxpayer employee residence reports. In practice the reports provided under the severance tax statute C.R.S. 39-29-110(1)(d)(1) are used for this distribution.

DISTRIBUTION OF FEDERAL MINERAL LEASE RECEIPTS TO THE STATE OF COLORADO

Calendar Year->	2003	2004	2005	2006	2007
Total Receipts					
\$M	\$62.8	\$89.9	\$114.8	\$144.1	\$128.7
Counties	\$5.2	\$5.6	\$6.2	\$6.2	\$6.2
School Districts	\$3.0	\$3.4	\$3.7	\$3.8	\$3.7
Towns	\$2.9	\$3.4	\$3.8	\$4.0	\$3.8
CWCB	\$6.3	\$9.0	\$11.5	\$14.4	\$12.9
State Public School Fund	\$31.2	\$44.1	\$55.9	\$70.4	\$62.8
DOLA Grants	\$13.0	\$21.7	\$29.6	\$39.4	\$34.3
DOLA Direct Distributions	\$1.2	\$2.7	\$4.1	\$5.9	\$5.0
Counties	8.3%	6.2%	5.4%	4.3%	4.8%
School Districts	4.8%	3.8%	3.2%	2.6%	2.9%
Towns	4.6%	3.8%	3.3%	2.7%	3.0%
CWCB	10.0%	10.0%	10.0%	10.0%	10.0%
State Public School Fund	49.6%	49.1%	48.7%	48.9%	48.8%
DOLA Grants	20.7%	24.1%	25.8%	27.3%	26.6%
DOLA Direct Distributions	1.9%	3.0%	3.6%	4.1%	3.9%

The detailed county by county calculations are shown for the most recent completed calendar year on the next page. Prior years tables of these detailed calculations can be found at:

<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY07.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY06.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY05.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY04.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY03.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY02.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY01.pdf>
<http://dola.colorado.gov/dlg/fa/eiaf/docs/FMLCountyCalcTableCY00.pdf>

CY2007		FIRST CUT:				SPILLOVER:	FILL:	SECOND CUT:	COUNTY DISTRIBUTION:			OVERFLOW:					DoLA
FEDERAL MINERAL	128,663,241.22	COUNTY	State Public	DLA GRANT	CWCB	FROM COUNTY	\$10.7M TO	COUNTY	COUNTY	SCHOOLS	TOWNS		State Public	DLA GRANTS	State Public	DEPT	Direct
LEASE		ALLOCATION	School Fund	GRANT FUND		50%	State Public	Allocation	SHARE	50% Elect	50% Elect or		School Fund	50%	School Fund	LOCAL	Distribution
DISTRIBUTION		UP TO 200K	25%	15%	10%		School Fund	UP TO \$1.2M		or 25%	37.5% over		50%		TOTAL	AFFAIRS	12.5% of
CY2007Q4	TOTAL										\$250k					TOTAL	Overflow
1 ADAMS	724.34	362	181	109	72	-	-	362	272	91	-	-	-	-	181	109	-
2 ALAMOSA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 ARAPAHOE	4,168.14	2,084	1,042	625	417	-	-	2,084	1,563	521	-	-	-	-	1,042	625	-
4 ARCHULETA	85,099.53	42,550	21,275	12,765	8,510	-	-	42,550	31,912	10,637	-	-	-	-	21,275	12,765	-
5 BACA	31,576.78	15,788	7,894	4,737	3,158	-	-	15,788	11,841	3,947	-	-	-	-	7,894	4,737	-
6 BENT	15,919.11	7,960	3,980	2,388	1,592	-	-	7,960	5,970	1,990	-	-	-	-	3,980	2,388	-
7 BOULDER	4.03	2	1	1	0	-	-	2	2	1	-	-	-	-	1	1	-
8 BROOMFIELD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 CHAFFEE	73.03	37	18	11	7	-	-	37	27	9	-	-	-	-	18	11	-
10 CHEYENNE	14,627.83	7,314	3,657	2,194	1,463	-	-	7,314	5,485	1,828	-	-	-	-	3,657	2,194	-
11 CLEAR CREEK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 CONEJOS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 COSTILLA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 CROWLEY	13,136.16	6,568	3,284	1,970	1,314	-	-	6,568	4,926	1,642	-	-	-	-	3,284	1,970	-
15 CUSTER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 DELTA	5,248,335.38	200,000	1,312,084	787,250	524,834	2,424,168	426,373	1,200,000	543,750	300,000	356,250	997,795	498,897	498,897	2,237,354	1,286,148	124,724
17 DENVER	4,580.39	2,290	1,145	687	458	-	-	2,290	1,718	573	-	-	-	-	1,145	687	-
18 DOLORES	1,507,723.63	200,000	376,931	226,159	150,772	553,862	97,416	656,446	339,917	164,112	152,417	-	-	-	474,346	226,159	-
19 DOUGLAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 EAGLE	12,073.26	6,037	3,018	1,811	1,207	-	-	6,037	4,527	1,509	-	-	-	-	3,018	1,811	-
21 ELBERT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 EL PASO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 FREMONT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 GARFIELD	31,628,310.49	200,000	7,907,078	4,744,247	3,162,831	15,614,155	2,746,284	1,200,000	543,750	300,000	356,250	11,867,871	5,933,936	5,933,936	16,587,297	10,678,182	1,483,484
25 GILPIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 GRAND	14,020.57	7,010	3,505	2,103	1,402	-	-	7,010	5,258	1,753	-	-	-	-	3,505	2,103	-
27 GUNNISON	10,116,427.74	200,000	2,529,107	1,517,464	1,011,643	4,858,214	854,483	1,200,000	543,750	300,000	356,250	3,003,731	1,501,865	1,501,865	4,885,456	3,019,329	375,466
28 HINSDALE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 HUERFANO	232,173.68	116,087	58,043	34,826	23,217	-	-	116,087	87,065	29,022	-	-	-	-	58,043	34,826	-
30 JACKSON	495,627.66	200,000	123,907	74,344	49,563	47,814	8,410	239,404	179,553	59,851	-	-	-	-	132,317	74,344	-
31 JEFFERSON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 KIOWA	24,155.80	12,078	6,039	3,623	2,416	-	-	12,078	9,058	3,019	-	-	-	-	6,039	3,623	-
33 KIT CARSON	1,516.46	758	379	227	152	-	-	758	569	190	-	-	-	-	379	227	-
34 LAKE	248.27	124	62	37	25	-	-	124	93	31	-	-	-	-	62	37	-
35 LA PLATA	4,086,301.56	200,000	1,021,575	612,945	408,630	1,843,151	324,181	1,200,000	-	600,000	600,000	518,970	259,485	259,485	1,605,241	872,430	64,871
36 LARIMER	5,098.67	2,549	1,275	765	510	-	-	2,549	1,912	637	-	-	-	-	1,275	765	-
37 LAS ANIMAS	1,257,707.37	200,000	314,427	188,656	125,771	428,854	75,429	553,425	301,284	138,356	113,784	-	-	-	389,855	188,656	-
38 LINCOLN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39 LOGAN	11,049.23	5,525	2,762	1,657	1,105	-	-	5,525	4,143	1,381	-	-	-	-	2,762	1,657	-
40 MESA	6,297,813.68	200,000	1,574,453	944,672	629,781	2,948,907	518,666	1,200,000	543,750	300,000	356,250	1,430,241	715,120	715,120	2,808,240	1,659,792	178,780
41 MINERAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 MOFFAT	19,788,765.98	200,000	4,947,191	2,968,315	1,978,877	9,694,383	1,705,089	1,200,000	543,750	300,000	356,250	6,989,294	3,494,647	3,494,647	10,146,928	6,462,962	873,662
43 MONTEZUMA	11,142,807.12	200,000	2,785,702	1,671,421	1,114,281	5,371,404	944,745	1,200,000	543,750	300,000	356,250	3,426,658	1,713,329	1,713,329	5,443,776	3,384,750	428,332
44 MONTROSE	1,006,391.21	200,000	251,598	150,959	100,639	303,196	53,327	449,868	262,451	112,467	74,951	-	-	-	304,925	150,959	-
45 MORGAN	7,968.61	3,984	1,992	1,195	797	-	-	3,984	2,988	996	-	-	-	-	1,992	1,195	-
46 OTERO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 OURAY	5,921.42	2,961	1,480	888	592	-	-	2,961	2,221	740	-	-	-	-	1,480	888	-
48 PARK	35,645.90	17,823	8,911	5,347	3,565	-	-	17,823	13,367	4,456	-	-	-	-	8,911	5,347	-
49 PHILLIPS	2,517.19	1,259	629	378	252	-	-	1,259	944	315	-	-	-	-	629	378	-
50 PITKIN	54,077.53	27,039	13,519	8,112	5,408	-	-	27,039	20,279	6,760	-	-	-	-	13,519	8,112	-
51 PROWERS	4,260.62	2,130	1,065	639	426	-	-	2,130	1,598	533	-	-	-	-	1,065	639	-
52 PUEBLO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53 RIO BLANCO	27,571,617.61	200,000	6,892,904	4,135,743	2,757,162	13,585,809	2,389,530	1,200,000	543,750	300,000	356,250	10,196,279	5,098,139	5,098,139	14,380,574	9,233,882	1,274,535
54 RIO GRANDE	17,002.04	8,501	4,251	2,550	1,700	-	-	-	6,376	2,125	-	-	-	-	4,251	2,550	-
55 ROUTT	586,407.31	200,000	146,602	87,961	58,641	93,204	16,393	276,811	197,554	69,203	10,054	-	-	-	162,995	87,961	-
56 SAGUACHE	2,184.78	1,092	546	328	218	-	-	1,092	819	273	-	-	-	-	546	328	-
57 SAN JUAN	315.44	158	79	47	32	-	-	158	118	39	-	-	-	-	79	47	-
58 SAN MIGUEL	6,426,157.16	200,000	1,606,539	963,924	642,616	3,013,079	529,953	1,200,000	543,750	300,000	356,250	1,483,125	741,563	741,563	2,878,055	1,705,486	185,391
59 SEDGWICK	635.71	318	159	95	64	-	-	318	238	79	-	-	-	-	159	95	-
60 SUMMIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61 TELLER	230.77	115	58	35	23	-	-	115	87	29	-	-	-	-	58	35	-
62 WASHINGTON	37,450.42	18,725	9,363	5,618	3,745	-	-	18,725	14,044	4,681	-	-	-	-	9,363	5,618	-
63 WELD	510,529.87	200,000	127,632	76,579	51,053	55,265	9,720	245,545	184,159	61,386	-	-	-	-	137,353	76,579	-
64 YUMA	353,861.71	176,931	88,465	53,079	35,386	-	-	176,931	132,698	44,233	-	-	-	-	88,465	53,079	-
TOTAL	128,663,241.22	3,496,159	32,165,810	19,299,486	12,866,324	60,835,462	10,700,000	13,717,658	6,187,037	3,729,414	3,801,206	39,913,963	19,956,981	19,956,981	62,822,792	39,256,468	4,989,245